

Preliminary Outline for a New Rule to Establish a NO_x Emissions Trading Program Based on U.S. EPA's Model Trading Program in the NO_x SIP Call

This rule would establish an emissions trading program that could be used to comply with the emission limitations under the emissions reduction program and would comply with the model trading rule promulgated by the U.S. EPA. The rule would include applicability requirements, exemptions, standard requirements, permit requirements, allocation procedures, allowance tracking, monitoring requirements, reporting requirements, individual source opt-in procedures, and a compliance supplement pool of NO_x allowances.

326 IAC 10-3-1 Applicability.

This section would establish criteria to determine the sources to be included in the trading program.

326 IAC 10-3-2 Definitions.

This section would provide definitions for use with the trading program.

326 IAC 10-3-3 Retired unit exemption.

This section would establish the requirements that must be met by a source that wants to have a unit or units exempted from the trading program. Includes a requirement that prohibits the unit from emitting any NO_x and permit requirements.

326 IAC 10-3-4 Standard requirements.

This section would establish standard requirements concerning permits, monitoring, excess emissions, record keeping and reporting requirements, and liability.

326 IAC 10-3-5 Computation of time.

General language that would establish procedures for calculating the beginning and ending of time periods and the effect of holidays and weekends on calculating time periods.

326 IAC 10-3-6 NO_x authorized account representative.

This section would establish requirements concerning the selection of an authorized account representative and alternate authorized account representative. The section includes requirements for submittals, such as certifications, what is required for certificates of account representation, objection procedures, and procedures for changing account representatives and others. The authorized account representative acts on behalf of the owner or operator concerning NO_x allowance allocations and transfers, monitoring system certifications, compliance certifications, and other related duties.

326 IAC 10-3-7 Permit requirements.

This section would establish NO_x budget permit requirements for sources in the trading program. Requirements include permit administration procedures, submittal dates for permit applications,

requirements for a complete application, incorporation of allowance transfers, allocations, and deductions, effective dates, and permit revision procedures.

326 IAC 10-3-8 Compliance certification.

This section would establish the requirements for compliance certifications. This includes the date for submittal of certification reports, elements that must be included in the reports, the information required to be included in the certification by the authorized account representative and actions by the U.S. EPA and IDEM.

326 IAC 10-3-9 NO_x allowance allocations.

This section would establish the procedures to be used by IDEM when allocating NO_x allowances to sources in the trading program. The section would include deadlines for IDEM to complete allowance allocations, equations to be used when allocating allowances to participating sources, the data to be used in the allocation equation, requirements for establishing set-aside allocations for new sources, and procedures for allocating allowances that remain in the set-aside accounts.

326 IAC 10-3-10 NO_x allowance tracking system.

This section would establish the procedures to be used by the U.S. EPA to track NO_x allowance allocations, deductions, and transfers. The section would include procedures for establishing compliance, overdraft, and general accounts. The procedures for deductions from compliance and overdraft accounts would be included, as well as requirements concerning excess emissions.

326 IAC 10-3-11 NO_x allowance transfers.

This section would establish the procedures to be used by account holders to transfer NO_x allowances between account holders.

326 IAC 10-3-12 NO_x monitoring and reporting requirements.

This section would establish the requirements for monitoring units in the trading program to demonstrate compliance and the reporting and record keeping requirements for compliance data. Elements that could be included under this section are compliance dates for required monitoring system installations, prohibited activities, certification and recertification requirements, alternatives for low mass emission units, reporting and record keeping requirements, and provisions for requesting alternative methodologies.

326 IAC 10-3-13 Individual opt-ins.

This section would establish the procedures and requirements for a source that wants to opt into the trading program, but does not have a NO_x budget unit. The section would include application and permit requirements, allowance allocation procedures, provisions to create opt-in accounts, and procedures to allow an opt-in unit to withdraw from the trading program.

326 IAC 10-3-14 NO_x allowance banking and early reduction credits

This section would include provisions for emissions banking, flow control procedures to reduce the possibility that excess banked emissions could allow for increased emissions, and procedures

for creating early reduction credits.

326 IAC 10-3-15 Compliance supplement pool.

This section would establish a pool of NO_x allowances and procedures to allocate these allowances to sources that cannot implement control measures by the compliance date of May 1, 2003. The section would also establish the criteria and timing for distributing allowances based on early reduction or a demonstration of need.